



## POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO

830 Boonville  
Springfield, Missouri 65802  
Phone: (417) 839-8214

June 15, 2013

Honorable Bob Stephens  
Members of Springfield City Council  
Busch Building  
Springfield, MO 65802

Re: Greene County Proposal

Dear Mayor Stephens and Members of the City Council:

The Board of Trustees (the "Board") for the Springfield Police Officers' and Firefighters' Retirement System (the "Pension Fund") have discussed the proposal of the Greene County Presiding Commissioner to divert a portion of the  $\frac{3}{4}$  percent sales tax which have been earmarked for the Pension Fund to other uses relating to public safety.

As you know, in 2009 voters in the City of Springfield approved the  $\frac{3}{4}$  % sales tax (the "Special Sales Tax") for the specific purpose of shoring up the condition of the Pension Fund. At the end of the 2009 fiscal year, the Pension Fund had a market value that was 35.5% of the amount needed to meet the obligations of the Pension Fund. That percentage had dropped nearly every year since the year 2000. As a result, the City was faced with an enormous financial obligation that threatened to push the City into Bankruptcy. In response, the City closed the Pension Fund to new hires (who would become part of the LAGERS pension plan), and submitted the Special Sales Tax to the voters. The City committed that all of the funds generated by the Special Sales Tax would be devoted to the Pension Fund and to nothing else. After rejecting a 1% sales tax to fund the Pension Fund, voters later approved the  $\frac{3}{4}$  % sales tax.

The Board wishes to express its strong opposition to the proposal of the Presiding Commissioner. The Board understands that the City may need additional revenues for purposes unrelated to the Pension Fund, and that the City needs to, and should, cooperate with Greene County on public safety issues. However the Board believes that any use of the Special Sales Tax for purposes unrelated to the Pension Fund violates the promises made by the City to its citizens. In addition the Board has the following concerns about "shifting" Special Sales Tax revenues:

1. The funded ratio of the Pension Fund has improved to approximately 60% thanks to the Special Sales Tax. It is essential that all of the sales tax revenues from the

Special Sales Tax be invested in the Pension Fund to continue the progress that has been achieved.

2. Springfield voters have been, and will be, promised that the Special Sales Tax will expire when the goal of a 100% funded ratio for the Pension Fund is reached. That goal may be reached if voters renew the tax for another five years. We believe that the promise to end the Special Sales Tax if the funded ratio reaches 100% is critical to keep trust with voters.

3. If the Special Sales Tax is not renewed in 2014 the City will have to increase its contributions to the Pension Fund by nearly One Million Dollars per month (\$12,000,000 per year) to simply maintain the current funded status. The extension of the Special Sales Tax is critical to the health of the City and introducing confusion in the minds of voters about the use of the tax revenues is far too risky.

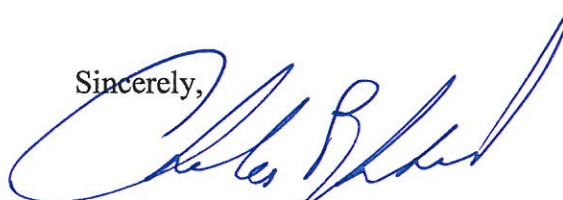
4. The proposal of the Presiding Commissioner would undermine citizen confidence in the City and the Pension Fund by sacrificing any chance of reaching a long term solution to funding the Pension Plan so that the Greene County budget can be improved. That loss of confidence will make the renewal of the Special Sales Tax far less likely.

5. The fact that the Pension Fund is closed makes every dollar contributed to the Pension Plan especially important because the shortfalls in the fund cannot be made up through contributions from new participants.

As fiduciaries for the active and retired police officers and firefighters the Board urges the City Council to decline the proposal of the Presiding Commissioner. The Board believes that whatever benefits the proposal may hold for the City or Greene County are far outweighed by the importance of fulfilling promises made to the participants in the Pension Fund and the citizens of Springfield.

Thank you for considering the Board's input on this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles B. Cowherd", written over the word "Sincerely,".

Charles B. Cowherd  
Board President

A handwritten signature in blue ink, appearing to read "Janell Manley", written below the signature of Charles B. Cowherd.

Janell Manley  
Executive Director